



Calhoun: The NPS Institutional Archive
DSpace Repository

Theses and Dissertations

1. Thesis and Dissertation Collection, all items

1955

A review of the apportionment process.

Fryer, Norman E.

George Washington University ; School of Government, Washington, District of Columbia.

<http://hdl.handle.net/10945/31144>

Downloaded from NPS Archive: Calhoun



<http://www.nps.edu/library>

Calhoun is the Naval Postgraduate School's public access digital repository for research materials and institutional publications created by the NPS community. Calhoun is named for Professor of Mathematics Guy K. Calhoun, NPS's first appointed -- and published -- scholarly author.

Dudley Knox Library / Naval Postgraduate School
411 Dyer Road / 1 University Circle
Monterey, California USA 93943

THE
GEORGE WASHINGTON UNIVERSITY
NAVY GRADUATE COMPTROLLERSHIP PROGRAM

A REVIEW OF THE APPORTIONMENT PROCESS

by

Norman E. Fryer, Jr.

for

Doctor A. Rex Johnson

May, 1955

TABLE OF CONTENTS

<u>Chapter</u>	<u>Page</u>
I. EARLY HISTORY OF APPORTIONMENT LEGISLATION . . .	1
II. NEED FOR REMEDIAL LEGISLATION PRIOR TO 1950 . . .	8
III. THE CURRENT ANTI-DEFICIENCY ACT	17
IV. CONCLUSIONS	32
BIBLIOGRAPHY	52

I. EARLY HISTORY OF APPORTIONMENT LEGISLATION

An apportionment is defined as "a distribution made by the Bureau of the Budget of an appropriation, contract authorization or other statutory authorization into amounts available for specified time periods, activities, functions, projects, objects, or combinations thereof. The amounts so apportioned limit the obligations to be incurred."¹

While the system of apportionments has been designed for, and does serve, a multiplicity of purposes, all are generally considered subordinate to the primary purpose of insuring that agencies so administer their appropriations as not to incur deficits.

The Congress has long been interested in steps to combat the tendency for executives to commit the government before adequate funds were made available. As early as 1842, Congress forbade payment of accounts of certain commissions of inquiry until special appropriations had been made by law.²

Some years later, Congress made it unlawful for any executive department or other Government establishment of the United States to expend a sum in excess of its available appropriations, and from accepting voluntary services or employing personal services in excess of that expressly authorized by law, except in cases of sudden emergency involving the loss of life or the destruc-

¹ Bureau of the Budget and Treasury Department,
Budget - Treasury Regulation No. 1 as revised through September,
1953 (Washington: Government Printing Office), sec. 21.

² Act of August 26, 1842, 5 Stat. 523, 533 (1842).

tion of property.¹ It is interesting to note that that portion of the act of 1870 relating to the administration of appropriations was designed solely to prevent expenditures in excess of amounts appropriated.

It was not until 1905, approximately thirty-five years later, that the Congress took additional and substantial action to eliminate deficits. At that time the provision of the act of 1870 was amplified by section 4 of the Deficiency Appropriation Act of March 3, 1905,² and was further amended a year later by the Urgent Deficiency Act enacted February 27, 1906.³ The 1905 amendment provided that "all appropriations made for contingent expenses or other general purposes", except the contingent appropriations of the Senate and House of Representatives and certain others under which the rate of expenditure was administratively uncontrollable, should be so apportioned over the year of availability as to insure that the funds available would serve the entire year, so as to "prevent expenditures in one portion of the year which may necessitate deficiency or additional appropriations to complete the service of the fiscal year for which said appropriations are made". Moreover, it prohibited waiver or modification of these apportionments except "upon the happening of some extraordinary emergency or unusual circumstance." The authority to make, and waive or modify, apportionments was vested in the heads of executive departments or agencies and other Government establishments. A penal clause provided for punishing violators by summary removal

¹ Legislative, Executive, and Judicial Appropriation Act for 1871, 16 Stat. 230, 251 (1870).

² 33 Stat. 1214, 1257 (1905).

³ 34 Stat. 27, 48-49 (1906), 31 U.S.C. sec. 665 (1940).

from office, and a fine of not less than \$100 or a jail sentence of not less than one month. The 1906 amendment was minor, and in no way affected the substance of the basic legislation. The foregoing legislation was popularly known as the Anti-Deficiency Law (section 3679, Revised Statutes) which was set forth as section 665 of Title 31, United States Code.

Although the responsibility for making apportionments was vested in the heads of the executive departments, the Bureau of the Budget¹ endeavored to impress upon the spending agencies the importance of trying to save part of their appropriations. Beginning in 1921, the Bureau of the Budget requested the agencies to submit periodic reports concerning their apportionments and their related expenditures. Numerous circulars were issued by the Bureau of the Budget designed to strengthen the apportionment mechanism and to effect savings. Inasmuch as the Anti-Deficiency Law had given the agency heads the exclusive responsibility for preventing deficiencies, including the authority to make, waive, or modify apportionments, the Bureau of the Budget was powerless to enforce its requirements even though the President had put himself strongly on record in endorsement of the objectives of the Bureau of the Budget.²

In 1933, the President was given the power to reorganize the Executive Branch of the government and to transfer or abolish the functions of any executive agency.³ Pursuant to this authority, and to strengthen his jurisdiction over the execution of the budget program, Executive Order 6166, dated

¹ The Bureau of the Budget was created by the Budget and Accounting Act of 1921; 42 Stat. 20 (1921), 31 U.S.C. sec. 1 (1940).

² President Harding, in addressing the first meeting of the Business Organization of the Government, on 29 June 1921, requested agency heads to set aside a portion of their funds as savings.

³ Executive Order 6166, dated March 1, 1933.

10 June 1933 was issued, transferring the function of making, waiving, or modifying apportionments from the heads of agencies to the Director of the Bureau of the Budget. Procedures were immediately prescribed to furnish such information as was deemed necessary to the proper control of the flow of appropriation expenditures.¹

The apportionment provisions of the Anti-Deficiency Law were supplemented on 13 August 1940, by Executive Order 8512, which provided for apportionment of each appropriation made to a Government agency, including amounts made available by the Congress for the administrative expenses of Government Corporations. This Executive Order also prohibited agencies from incurring obligations in excess of the amount currently available under the apportionment; such apportionments to be exceeded only to prevent the loss of life or Government property.

Although no statutory revision of the Anti-Deficiency Law, referred to previously, occurred until 1950,² several actions affecting apportionments did occur prior to that time.

Changing conditions inevitably will make necessary certain deficiency or supplemental appropriations. One important factor outside the control of the spending agencies deserves special mention. During the time between the preparation of the estimates and the obligating of the appropriation many laws

¹Ex. O. No. 6226, July 27, 1933, provided that the Treasury Department should maintain budgetary accounts on the status of appropriations, that the agencies should furnish necessary information to the Treasury and that the Bureau of the Budget should be provided with such reports as it might require from the Treasury.

²General Appropriation Act, 1951, approved 6 September 1950; 31 U.S.C. 665.

are enacted by the Congress which directly affect such obligations. Section 203 of the Budget and Accounting Procedures Act of 1950 expressly provides that "the President from time to time may transmit to Congress such proposed supplemental or deficiency appropriations as in his judgment (1) are necessary on account of laws enacted after the transmission of the Budget, or (2) are otherwise in the public interest". Such estimates and the appropriations based thereon (resulting from laws enacted after the transmission of the Budget) should be considered strictly as supplemental rather than as deficiency estimates and appropriations, although there has been no clear distinction in practice between estimates of this character and those required by situations involving deficiencies. Regardless of the terminology, however, there can hardly be any disagreement as to the propriety of estimates of the former character.

On the other hand, situations frequently will arise where appropriations are in excess of requirements because of circumstances developing subsequent to the formulation of estimates and the enactment of appropriation acts. It is obvious that unless some action is taken to conserve such appropriations, there will be moneys available to the spending agencies for which there is no real need. These moneys frequently will be spent even though the Congress would not have made the appropriation if it had been requested to do so in the light of the circumstances existing when the appropriation was obligated.

The need for some control in such situations was recognized by the Congress in section 303 of the Second Deficiency Appropriation Act of 1944¹, and in the Second Deficiency Appropriation Act of 1945.² The first of these

¹59 Stat. 416

²58 Stat. 623

provided that the President direct the Bureau of the Budget to maintain a continuous study of certain appropriations and contract authorizations for defense purposes, with a view to recommending repeal of such portions thereof as should be deemed no longer required for the purposes for which they were granted. The second of these provided that, in addition, there should be submitted to the Congress on 3 January 1946 a list showing the balances of each such appropriation and contract authorization, together with recommendations for the repeal of those funds no longer required.

Personnel ceiling legislation, prior to the Budget and Accounting Procedures Act of 1950¹, also had a direct bearing upon the control of appropriations in excess of actual needs. Section 11 of the War Overtime Pay Act of 1943 provided that the Director of the Bureau of the Budget make quarterly determinations of employees required by the executive departments and agencies, and that there be released any personnel in excess of such determinations. This procedure was continued by section 607 of the Federal Employees Pay Act of 1945, as supplemented by section 14 of the Federal Employees Pay Act of 1946. Section 607 also contained a provision that the Director of the Bureau of the Budget should maintain a continuous study of all appropriations and contract authorizations in relation to personnel employed and should, under policies prescribed by the President, reserve from expenditure any savings in salaries, wages, or other categories of expense which he determined to be possible as a result of "reduced personnel requirements". It was further

¹The Budget and Accounting Procedures Act of 1950 repealed section 607 of the Act of June 30, 1945, as amended (the Federal Employees Pay Act of 1945).

provided by the Federal Employees Pay Act of 1945 that such reserves might be released by the Director of the Bureau of the Budget "for expenditure only upon a satisfactory showing of necessity".

Summarizing, it will be seen that controls existing prior to the General Appropriation Act of 1951,¹ designed to relate the use of appropriations to the circumstances actually existing when the appropriations were obligated included the following:

- (1) prohibitions against spending in excess of appropriations;
- (2) regulation of the rate of obligations against appropriations through apportionments, with a view to making certain that the appropriations covered the entire period which they were intended to serve;
- (3) examination of and recommendations for repeal of appropriations in certain categories when it was demonstrated that any part thereof was not needed;
- (4) personnel ceilings; and
- (5) reservation of appropriations from expenditure to the extent that savings were possible through reduced personnel requirements.

The next part of this paper will consider the difficulties encountered under the controls as existing above, and the defects in existing legislation prior to the General Appropriation Act of 1951.

¹ See supra at p. 4.

the 1950s by the United States and the United Kingdom. The United States was the first to introduce the concept of the "strategic defense initiative" (SDI) in 1983. The United Kingdom followed in 1986 with its "Strategic Defence Review".

According to the United States, SDI is a "defensive" system that would protect the United States from a nuclear attack. It would consist of a series of satellites in orbit around the Earth, which would detect and track incoming nuclear missiles. The satellites would then launch interceptors to destroy the missiles before they could reach the United States.

(1) The United States has a long history of developing and testing nuclear weapons. It was the first country to develop and use nuclear weapons in 1945. Since then, it has continued to develop and test new nuclear weapons, including thermonuclear weapons and intercontinental ballistic missiles (ICBMs).

(2) The United States has a large and powerful nuclear arsenal. It has more nuclear warheads than any other country in the world. It also has a large number of nuclear submarines, which are capable of launching ICBMs from underwater.

(3) The United States has a strong and effective nuclear deterrence strategy. It has the capability to launch a nuclear attack on any country in the world. This capability is what makes the United States a superpower.

The United States has a long and proud history of leadership in the world. It has been a leader in the development of nuclear weapons, and it has been a leader in the development of the SDI. The United States is committed to maintaining its nuclear arsenal and its nuclear deterrence strategy.

II. NEED FOR REMEDIAL LEGISLATION PRIOR TO 1950

When the Anti-Deficiency Law was amended in 1905 and 1906¹, Federal departments and establishments were few; Federal programs were narrowly limited in variety and scope; and the problems of management of Federal expenditures were relatively simple. When we consider the Federal Government of very recent years, with the multiplicity of its agencies, the variety and scope of its functions, and the size and complexities of its budgetary and operational problems, it is not surprising that serious dissatisfactions were expressed in the Congress and in the Executive branch with operations under the apportionment system instituted under the 1905 and 1906 amendments to the Anti-Deficiency Law.

Certain technical aspects of the Anti-Deficiency Law created substantial difficulties in operating under its provisions. For example, it was not at all clear what was meant by the provision that "all appropriations made for contingent expenses or other general purposes,"² should be apportioned. Nor was it clear what appropriations were intended to be excluded from the apportionment system by the provision which excepted "appropriations made in fulfillment of contract obligations expressly authorized by law, or for objects required or authorized by law without reference to the amounts annually appropriated therefor". Similarly, it was difficult to obtain any general agreement as to what was meant by the provision which authorized the waiver or modification of apportionments "upon the happening of some extraordinary emergency or unusual circumstance".³ The fact that annual appropriation bills frequently

¹See supra at p. 3.

²See supra at p. 2.

³See supra at p. 2.

were not enacted until shortly before, or even after, the beginning of a fiscal year made it impossible to comply in all cases with the requirement that apportionments be made "on or before the beginning of each fiscal year" for which the appropriation was available.

Further, the penalty provisions which provided for punishing violators by summary removal from office, and a fine of not less than \$100 or a jail sentence of not less than one month¹, while possibly not severe enough to constitute adequate punishment for serious and willful violations of the law, were entirely too severe when considered in connection with minor or inadvertent violations, with the result that they were rarely, if ever, enforced.

Aside from the foregoing, the Anti-Deficiency Law was defective in three major respects. First, the only provision designed to prevent the incurring of obligations at an excessive rate was in the form of a requirement that apportionments be adhered to. However, appropriations, when apportioned, were in most cases broken down into allotments, or allowances for use by the many hundreds of purchasing and contracting officers and other employees who actually incurred obligations. In many cases these employees were not even aware of the amount of the apportionment. There was no specific statutory prohibition against incurring obligations in excess of such an allotment or allowance, nor was there any such prohibition against granting allotments or allowances in excess of apportionments.

The inadequacy of a system which did not follow the appropriation down into the allotments or allowances was clearly demonstrated in a case in-

¹See supra at p. 2.

volving a supplemental estimate for the Post Office Department:

The report indicates that the postmaster at Boston had a definite allowance from the Department, but that he exceeded that allowance by \$160,898 in the first quarter, \$572,042 in the second quarter, and \$433,683 in the third quarter, ending March 31, 1947. Although the obligations incurred for the post office at Boston thus exceeded allowances for that office by more than one million dollars, these obligations, standing alone, were not in excess of the amounts apportioned in the appropriation for the periods mentioned.

Furthermore, obligations were incurred in excess of allowances at other post offices. The situations in these offices differed only in degree from the situation in the Boston office. The exceeding of the allowances in any one of these post offices could have resulted in obligating the appropriation in excess of the apportionment for a particular period. However, when allotments or allowances are exceeded in many places there is no method prescribed in the present law for determining which of the officers who obligated in excess of his allowance is actually responsible for incurring obligations in excess of the apportionment.

A second major defect in the Anti-Deficiency Law was that the provision for "making apportionments by monthly or other allotments" generally had been interpreted as requiring apportionments by time periods, and in practice this had developed into a system of apportioning funds by calendar quarters. Obviously, apportionments by calendar quarters did not bear any relation to the operating needs of agencies such as the Forest Service, the National Park Service, or the Geological Survey whose operations were governed by field seasons.

¹ Joint letter from F. J. Lawton, Acting Director of the Bureau of the Budget and Frank L. Yates, Acting Comptroller General of the United States, to Hon. Styles Bridges, Chairman, Committee on Appropriations, U.S. Senate, June 5, 1947.
see also U.S. Congress, Senate, Second Deficiency Appropriation Bill for 1947, Hearings before the Subcommittee of the Committee on Appropriations, U.S. Senate, 80th Cong., 1st Sess. on H.R. 3245, May 9-14, 1947 (Washington: Government Printing Office, 1947).

The inadequacy of an apportionment made on the basis of time periods, without regard to the manner in which the appropriations were broken down to meet actual operating needs in incurring obligations, was illustrated by the report of the Committee on Appropriations of the House on the Second Deficiency Appropriation Bill for 1947. With reference to the Maritime Commission revolving fund, the Committee stated:

The apportionment runs to the whole of the appropriation rather than the separate limitations. The Maritime Commission, therefore, in running a deficiency in the limitation was not running a deficiency in the appropriation and there was no way for their obligation reports to the Bureau of the Budget to disclose the true situation with respect to the administrative expense limitation. The Bureau of the Budget should immediately look into this matter with view to securing whatever amendments to the regulations are necessary to require a separate apportionment of funds of this and similar types in order that all funds may be controlled by the apportionment procedure. If amendments of the law are necessary to accomplish this purpose, the Congress should be so advised.¹

A third major defect in the Anti-Deficiency Law was that it made no provision for notifying the Congress when appropriations were being obligated at a rate which might be expected to result in a request for a deficiency or supplemental appropriation. Even where circumstances did justify obligation at such a rate, the Congress expressed dissatisfaction with the result because under the law the first notice of the situation had been in the form of a request for a deficiency or supplemental appropriation. At that stage, the alternatives usually were the making of the appropriation or the drastic curtailment of the activity involved.

¹ Quoted in joint letter from F. J. Lawton, Acting Director of the Bureau of the Budget and Frank L. Yates, Acting Comptroller General of the United States to Hon. Styles Bridges, Chairman, Committee on Appropriations, U.S. Senate, June 5, 1947.

The Department of the Interior has been asked to submit a report to the Commission on the progress of the work of the Bureau of Land Management in the field of land reclamation. The report should be submitted by the end of the year 1911. The Commission has also asked the Department to submit a report on the progress of the work of the Bureau of Land Management in the field of land reclamation by the end of the year 1912.

The Department of the Interior has been asked to submit a report to the Commission on the progress of the work of the Bureau of Land Management in the field of land reclamation. The report should be submitted by the end of the year 1911. The Commission has also asked the Department to submit a report on the progress of the work of the Bureau of Land Management in the field of land reclamation by the end of the year 1912.

The Department of the Interior has been asked to submit a report to the Commission on the progress of the work of the Bureau of Land Management in the field of land reclamation. The report should be submitted by the end of the year 1911. The Commission has also asked the Department to submit a report on the progress of the work of the Bureau of Land Management in the field of land reclamation by the end of the year 1912.

The Department of the Interior has been asked to submit a report to the Commission on the progress of the work of the Bureau of Land Management in the field of land reclamation. The report should be submitted by the end of the year 1911. The Commission has also asked the Department to submit a report on the progress of the work of the Bureau of Land Management in the field of land reclamation by the end of the year 1912.

In addition to the matters discussed heretofore, the Anti-Deficiency Law, while designed to prevent deficiencies, did not fill the need for machinery to conserve appropriations which were in excess of actual requirements. This inadequacy led the Congress to adopt such expedients as the provisions of the Second Deficiency Appropriation Act of 1944 and of the Second Deficiency Appropriation Act of 1945, referred to above,¹ and the personnel ceiling legislation, also referred to above.²

The need for a continuous study of appropriations in order to determine whether such appropriations were required for the purposes for which they were provided was just as real in the case of appropriations for the ordinary day-to-day operations of the Government as it was in the case of appropriations for "the national defense, war agencies, and the prosecution of the war". While the appropriation acts referred to in the preceding paragraph provided for a continuous study of appropriations made for those particular purposes with a view towards repealing any parts of such appropriations no longer needed, there was no express statutory provision for a similar study by the Executive branch of other appropriations, except in the Federal Employees Pay Act of 1945.³ Section 607 of that act required that personnel ceilings be established by the Director of the Bureau of the Budget; and required that the Director of the Bureau of the Budget establish reserves to the extent he determined that

¹ See supra at p. 5 & 6.

² See Supra at page 6.

³ Act of June 30, 1945, 59 Stat. 295-305 (1945); see supra at p. 6.

savings could be effected as a result of "reduced personnel requirements". The result of this was that when savings did accrue early in a fiscal year from causes other than reduced personnel requirements, there was no general statutory authority under which appropriated moneys could be reserved or impounded so that they might be returned to the Treasury. The natural tendency was to obligate such savings toward the end of the fiscal year even though there might be no essential need therefor. Briefly, there was no specific authority such as would be necessary to provide a continuous review of all appropriations, funds, and contract authorizations in order to insure that such funds would not be needlessly obligated in cases where circumstances, developing after the formulation of the estimates or after the enactment of the appropriation act, made it clear that such appropriations, funds, or contract authorizations were in excess of actual requirements.

In 1945, Harold D. Smith, then Director of the Bureau of the Budget, included the following comment, pertaining to the authority of the chief executive to set up reserves out of appropriations, in one of his eight budget principles, or rules of executive management:

The Principle of Adequate Budget "Tools"

Executive responsibility requires adequate administrative tools . . . certain powers must be available to the executive in order to assure the most economical execution of legislative intent. These include, among others, authority to make monthly or quarterly allotment of appropriations and to set up reserves out of appropriations. The reserves are to be used in case of contingencies or are to lapse unexpended if changed conditions permit execution of the congressional intent with less than the amount appropriated.¹

¹Harold D. Smith, The Management of Your Government (New York: McGraw-Hill Book Co., Inc., 1945), p. 91.

All of the statutory provisions discussed above were fruitful of savings in expenditures in some degree throughout the Executive branch of the Government. The various special acts requiring constant study of the expenditure status of war appropriations resulted in Congressional rescission of such appropriations in very large sums. However, all these laws were pointed toward the same general objective, that is, the efficient and economical use of appropriated funds. Administratively they caused a multiplicity of directives and necessitated complex, cumbersome, and overlapping procedures, particularly under the personnel ceiling requirements. They involved much expense and confusion and thereby defeated their own purpose, to a certain extent.

The President, committees of the Congress, and representatives of the spending agencies have frequently indicated that the personnel ceiling procedures had outlived their usefulness. In his fiscal year 1948 Budget Message to the Congress, the President said:

The personnel reductions were facilitated by the statutory limitations on personnel and provisions for detailed personnel ceiling determinations enacted by the Seventy-ninth Congress. When we began to convert to a peacetime basis and appropriations greatly exceeded expenditures, this legislation served a useful purpose. By the Legislative Reorganization Act the Congress has in effect decided that the extent of Federal activities, and hence personnel, should be determined by the usual appropriations process. The Statutory limitations and personnel ceilings constitute a separate and possibly conflicting method of controlling the number of employees. The appropriations process, in my mind, is far preferable to the personnel ceilings and limitations, since these place undue emphasis upon the number of employees and put a premium on contractual arrangements and other measures to get the necessary work done without exceeding numerical limitations.

I therefore recommend the repeal of the statutory limitations on personnel and provisions for personnel ceiling determinations.

In its report on the Department of Agriculture Appropriation Bill, fiscal year 1947 (H. Rept. No. 1659, 79th Congress, p. 3), the House Committee on Appropriations stated:

The man-year element and the amounts of money appropriated go hand in hand. If one is increased or decreased the increase or decrease of the other automatically follows. From the beginning of the Government the Congress has invariably provided for the public service in terms of money appropriated, and the Committee knows of no reason for deviating from that practice.¹

The Director of Budget and Finance of one of the executive departments testified as follows before a Congressional committee in connection with a 1947 appropriation bill:

This matter of reduction of force, according to my observation, is more a matter of dollars than any other factor; personnel are based almost solely on the amount of money allowed I have been unable to understand the amount of energy that is being required to be used by the Departments and the Bureau of the Budget, and the amount of dependence which the Congress apparently has placed on the recently instituted personnel ceiling procedure, because it is so easy to control Government personnel, and every other expenditure factor by the basic decision to grant, withhold, or modify the appropriation. That is the basic thing which settles, or ought to settle, the question of how much personnel you are going to need or be allowed to have. To supplement that with an elaborate additional process such as is now in effect for quarterly personnel ceilings seems superfluous.²

The above quotations represented a view widely shared both within and outside of Congress that dollar controls on the basis of programs, services, organizations, functions, or activities were more economical, more effectively workable, and more responsive to the will of Congress than personnel ceilings.

¹Quoted in joint letter from F. J. Lawton, Acting Director of the Bureau of the Budget and Frank L. Yates, Acting Comptroller General of the United States to Hon. Styles Bridges, Chairman, Committee on Appropriations, U. S. Senate, June 5, 1947.

²Quoted in joint letter from F. J. Lawton, Acting Director of the Bureau of the Budget and Frank L. Yates, Acting Comptroller General of the United States to Hon. Styles Bridges, Chairman, Committee on Appropriations, U. S. Senate, June 5, 1947.

THE FIRST OF THE TWO PARTS OF THE HISTORY OF THE

THE SECOND OF THE TWO PARTS OF THE HISTORY OF THE

THE THIRD OF THE TWO PARTS OF THE HISTORY OF THE

THE FOURTH OF THE TWO PARTS OF THE HISTORY OF THE

THE FIFTH OF THE TWO PARTS OF THE HISTORY OF THE

THE SIXTH OF THE TWO PARTS OF THE HISTORY OF THE

THE SEVENTH OF THE TWO PARTS OF THE HISTORY OF THE

THE EIGHTH OF THE TWO PARTS OF THE HISTORY OF THE

THE NINTH OF THE TWO PARTS OF THE HISTORY OF THE

THE TENTH OF THE TWO PARTS OF THE HISTORY OF THE

THE ELEVENTH OF THE TWO PARTS OF THE HISTORY OF THE

THE TWELFTH OF THE TWO PARTS OF THE HISTORY OF THE

THE THIRTEENTH OF THE TWO PARTS OF THE HISTORY OF THE

THE FOURTEENTH OF THE TWO PARTS OF THE HISTORY OF THE

THE FIFTEENTH OF THE TWO PARTS OF THE HISTORY OF THE

The Anti-Deficiency Law was substantially amended in September, 1950, with the passage of the General Appropriation Act, 1951. The next part of this paper will consider the current Anti-Deficiency Act, and some of its new provisions.

III. THE CURRENT ANTI-DEFICIENCY ACT

On 6 September 1950, the General Appropriation Act, 1951 was approved. Section 1211 of this act amended in important respects the then-existing Anti-Deficiency Law, Section 3679 of the Revised Statutes, as amended, (31 U.S.C. 665). There have been no further statutory revisions of the Anti-Deficiency Act to date.

The 1950 amendments were considered necessary by the Congress in order to have an Anti-Deficiency Act that would serve as a working tool for effective control of the use of appropriations. It was generally believed, also, that the related legislation enacted over a period of years should be integrated with the Anti-Deficiency Act in order to provide a system which would permit the efficient management of appropriations which the Congress and the people had a right to expect.

In brief, the 1950 amendments to the Anti-Deficiency Law has had the following effect upon the then-existing controls discussed in Chapter I of this paper:

(a) continues the prohibition against spending in excess of the appropriation.

(b) extends the regulation of the rate of obligations or expenditures against appropriations through an apportionment system, down to allotments or allowances, and fixes responsibility, with penalties for violations.

(c) extends to all appropriations subject to apportionment the procedure for continuous examination and recommendations for repeal of any part not needed.

On 2 November 1998, the Chinese Government has, following
Article 17 of the Law on the Settlement of Foreign Investment Disputes,
which states that, within 90 days of the receipt of a request, the
competent authority shall give a written answer to the foreign
investor. This time limit is subject to the provisions of the Law on
Settlement of Foreign Investment Disputes.

The 1998 amendments have completely changed the
order to have an arbitration and then to have a written
answer to the request of the foreign investor. It has created a
new order of settlement over a period of years which is
in line with the arbitration law in order to provide a system which
the foreign investor can understand which the Chinese and the
foreign investor can understand.

In fact, the 1998 amendments to the Law on Settlement of
Foreign Investment Disputes have the same effect as the Law on
Settlement of Foreign Investment Disputes in 1995.

- (1) Continued the provisions relating to the settlement of
disputes.
- (2) Added the regulation of the role of arbitration in settlement
of disputes between foreign and Chinese investors, and to settle
disputes between foreign and Chinese investors, with positive law
(3) Added to the provisions relating to settlement of disputes
between foreign and Chinese investors, with positive law

(d) extends to all appropriations subject to apportionment the principle of reservation from expenditure to provide for contingencies, or to effect savings made possible by certain factors enumerated in the section.

A more detailed analysis of section 1211 of the General Appropriation Act, 1951 follows.

The section 1211 consisted of an amendment to the Anti-Deficiency Law which was a substitute for the entire Law. The current Anti-Deficiency Act, as amended 6 September 1950 (section 3679, Revised Statutes) is set forth as section 665 of Title 31, United States Code.

Section 3679 (a) prohibits the making or authorizing of expenditures in excess of the amount available in any appropriation or fund, and also the creating or authorizing of an obligation against any appropriation or fund in excess of the amount available therein. It also prohibits involving the Government in any contract or other obligation for the payment of money in advance of appropriations, unless such contracts and obligations were authorized by law. While this subsection was designed to prevent deficiencies to the extent that it prohibits the making of expenditures or the creation of obligations in excess of appropriations, it is not directed at the rate of spending, and, therefore, is not connected with the apportionment system usually associated with the Anti-Deficiency Act.

Section 3679 (b) is essentially a re-enactment of previous prohibitions against acceptance of voluntary services or employment of personal services in excess of those authorized by law. It had been held consistently that the term "voluntary service" as used in the previous statute was not synonymous

with gratuitous services but contemplated services ^{furnished} ~~furnished~~ on the initiative of the party rendering them, without request from, or agreement with, the United States. Hence a person may, with the express consent of the United States, agree to furnish services gratuitously without violating the statute.

Section 3679 (c), paragraph (1) provides that all appropriations or funds available for obligation for a definite period of time (barring those which are excepted by later provisions of the section) be so apportioned as to prevent obligation or expenditure thereof in a manner which would indicate a necessity for deficiency or supplemental appropriations for such period. This was designed to insure that appropriations which are available for a fiscal year, or for other time periods (usually related to fiscal years) will not be obligated or expended at a rate which would exhaust the appropriation prior to the end of the period for which the appropriation was made, and thus result in the need for a deficiency or supplemental appropriation or in drastic curtailment of the activity for which the appropriation was made.

Paragraph (1) also provides that all appropriations or funds not limited to a definite period of time, and all authorizations to create obligations by contract in advance of appropriations (commonly referred to as contract authorizations) be so apportioned as to achieve the most effective and economical use thereof. The first part of this provision relates to the so-called "no-year" appropriations, that is, those that are available indefinitely and without relation to any particular fiscal year.¹ The second part of this provision relates

¹ The "no-year" appropriations referred to were previously under the apportionment system, but the authority for their inclusion in that system stemmed from Executive Order 8512, dated 13 August 1940, rather than from the previous Anti-Deficiency Law, which related only to fiscal year appropriations.

see supra at p. 4.

to contract authorizations which may or may not be required by law to be executed with reference to any particular fiscal year. This provision is not aimed directly at preventing deficiencies, but it was believed that "no-year" appropriations and contract authorizations must be included in the apportionment system and be controlled to the extent necessary to insure efficiency and economy in carrying out the purpose for which such appropriations and authorizations are granted by the Congress.

The last sentence of paragraph (1) provides that, as used thereafter in the section, "the term 'appropriation' means appropriations, funds, and authorizations to create obligations by contract in advance of appropriations."

Section 3679 (c), paragraph (2) authorizes the officer making apportionments and reapportionments to establish reserves "to provide for contingencies, or to effect savings whenever savings are made possible by or through changes in requirements, greater efficiency of operations, or other developments" subsequent to the date on which the appropriation, fund, or contract authorization was made available. For the reasons stated in Chapter II of this paper,¹ this authority was believed to be essential to sound financial management. It is recognized that this provision presented a policy question for decision by the Congress. It is generally considered, also, that this authority must be exercised with considerable care in order to avoid usurping the powers of Congress. However, appropriations are not regarded generally as mandates to spend money to the limit of such appropriations without regard to any considerations of efficiency or economy.

¹See supra at p. 12 & 13.

The granting of this authority, accompanied by the restrictions and safeguards contained in the section, was in line with the action previously taken by the Congress in enacting the provision in the personnel ceiling law (the Federal Employees Pay Act of 1945) for the establishing of reserves where savings in salaries, wages, or other categories of expense were made possible by reason of "reduced personnel requirements".¹ Further, the authority to establish reserves to provide for contingencies is essential if there is to be avoided the deficiency apportionments which previously were made under the authority contained in the previous Anti-Deficiency Law to waive or modify initial apportionments in emergencies or unusual circumstances.² Sound management clearly requires that such reserves be maintained, and the apportioning officer should be, and is, empowered to enforce the requirement.

Paragraph (2) also provides that the Congress will be requested to rescind any amount reserved in the apportionment process when it is found that such amount will not be required to carry out the purposes of the appropriation, fund, or contract authorization concerned. The machinery by which such rescissions are effected is the same as that provided in the Budget and Accounting Act, 1921, as amended, for estimates of appropriations; that is, recommendations for rescissions of appropriations in all branches of the Government are made to the President, but the recommendations for the Legislative branch and the Judiciary are transmitted by him to the Congress without revision. This provision extends to all appropriations the direction

¹See supra at p. 6.

²See supra at p. 2.

previously given by the Congress for the review of appropriations for defense purposes and the recommending of the repeal of any part of such appropriations no longer required.¹ At the time of receiving and acting upon such recommendations, the Congress has an opportunity to exercise its judgment as to continuance of the need for the appropriation.

Section 3679 (c), paragraph (3), provides for apportionments "by months, calendar quarters, operating seasons, or other time periods, or by activities, functions, projects, or objects, or by a combination thereof." It will be recalled that the previous Anti-Deficiency Law provided for apportionments "by monthly or other allotments".² As discussed previously, this provision generally had been interpreted as requiring apportionments by time periods, and it had become the almost universal practice to make apportionments by calendar quarters. As noted previously, the operations of many agencies do not fit into a system of calendar quarters but are best gauged by operating seasons or other time periods. Further, as indicated previously with respect to the Maritime Commission revolving fund, apportionments by time periods without regard to the objects of expenditure covered by the apportionments did not provide an adequate control.³ Paragraph (3) further provides that, except as otherwise specified by the officer making the apportionment, amounts apportioned shall remain available for obligation on a cumulative basis in accordance with the terms of the appropriation, unless reapportioned.

¹See supra at p. 5 & 6.

²See supra at p. 10.

³See supra at p. 10 and 11.

Section 3679 (c), paragraph (4) provides that apportionments be reviewed at least four times each year, and contemplates that upon such review, such reapportionments will be made or such reserves established, modified, or released as may be necessary to further the effective use of the appropriation, fund, or contract authorization concerned. This provision, coupled with the provision referred to above for establishing reserves, makes possible a continuous and active study, currently, of the progress and effectiveness of the execution of the programs authorized by the Congress.

Section 3679 (d) designates the officers who make apportionments and reapportionments. This subsection is divided into two paragraphs, the first of which relates to appropriations, funds, and contract authorizations available to the Legislative Branch, the Judiciary, or the District of Columbia. In this connection it is interesting to note that the previous Anti-Deficiency Law covered "all appropriations made for contingent expenses or other general purposes" (except certain types which were specifically exempted) without distinguishing between appropriations for the Legislative Branch, the Judiciary, or the Executive Branch, except that contingent appropriations of the Senate and the House of Representatives were specifically exempt from the apportionment provisions.¹ Thus it happened that the appropriations available to the Legislative Branch and those available to the Judiciary, except the exempted contingent appropriations mentioned, were inadvertently made subject to apportionment by the Director of the Bureau of the Budget in Executive Order 6166 of 10 June 1933.² This condition has been corrected; the first paragraph

¹See supra at p. 2.

²See supra at page 3 & 4.

Section 101 (a) (1) of the Act provides that the Commission shall, in its annual report, submit to the Senate and the House of Representatives a statement of the progress made in the execution of the Act, and of the results of its operations. The Commission shall also submit to the Senate and the House of Representatives a statement of the progress made in the execution of the Act, and of the results of its operations. The Commission shall also submit to the Senate and the House of Representatives a statement of the progress made in the execution of the Act, and of the results of its operations.

Section 101 (b) of the Act provides that the Commission shall, in its annual report, submit to the Senate and the House of Representatives a statement of the progress made in the execution of the Act, and of the results of its operations. The Commission shall also submit to the Senate and the House of Representatives a statement of the progress made in the execution of the Act, and of the results of its operations. The Commission shall also submit to the Senate and the House of Representatives a statement of the progress made in the execution of the Act, and of the results of its operations.

of section 3679 (d) made separate provision for apportioning appropriations available to the Legislative Branch, the Judiciary, or the District of Columbia, and designated the officer having administrative control of such appropriation to make the apportionment thereof. A time limit was provided within which the apportionment must be made in writing.

The second paragraph provides that appropriations for the agencies, required to be apportioned, shall be apportioned or reapportioned in writing by the Director of the Bureau of the Budget, and that the agencies shall submit information necessary therefor in such form and manner and at such time or times as the Director of the Bureau of the Budget may prescribe. Definite time limits for submitting such information and for making apportionments are provided, the net result of which is to require that apportionments in all cases be made not later than twenty days before the beginning of the fiscal year for which the appropriation is available or not more than thirty days after the approval of the act by which such appropriation is made available, whichever is later. These provisions were aimed at preventing delays which had occurred in some cases in the past in the submission of proposed apportionments by the agencies, and in the making of apportionments by the Bureau of the Budget. These provisions also cured a defect in the previous Anti-Deficiency Law which, as discussed above, did not recognize that appropriations may not be made prior to the beginning of the fiscal year.¹

The second paragraph also defines the term "agency" as meaning "any executive department, agency, commission, authority, administration, board, or other independent establishment in the executive branch of the Government,

¹See supra at p. 8 & 9.

including any corporation wholly or partly owned by the United States which is an instrumentality of the United States''.

The purpose of section 3679 (e) is to provide a workable standard for the making of apportionments or reapportionments which would indicate a necessity for a deficiency or supplemental estimate. This subsection provides that:

(e) (1) No apportionment or reapportionment which, in the judgment of the officer making such apportionment or reapportionment, would indicate a necessity for a deficiency or supplemental estimate shall be made except upon a determination by such officer that such action is required because of (A) any laws enacted subsequent to the transmission to the Congress of the estimates for an appropriation which require expenditures beyond administrative control; or (B) emergencies involving the safety of human life, the protection of property, or the immediate welfare of individuals in cases where an appropriation has been made to enable the United States to make payment of, or contributions toward, sums which are required to be paid to individuals either in specific amounts fixed by law or in accordance with formulae prescribed by law.

(2) In each case of an apportionment or a reapportionment which, in the judgment of the officer making such apportionment or reapportionment, would indicate a necessity for a deficiency or supplemental estimate, such officer shall immediately submit a detailed report of the facts of the case to the Congress. In transmitting any deficiency or supplemental estimates required on account any such apportionment or reapportionment, reference shall be made to such report.¹

Many new laws enacted subsequent to the submission to the Congress of estimates of appropriations have resulted in increasing the rate of obligations in that fiscal year. In some cases these laws were approved after the passage of the appropriation act, and in other cases shortly before the appropriation was made. Technically, in the latter type of case there may have been, in some instances, an opportunity to seek additional appropriations to carry out the functions imposed by the new laws, but as a practical matter the legislative

¹ Act of September 8, 1950, 31 U. S. C. sec. 665 (1950).

process seldom permits the passage of newly-conceived appropriation legislation in the last few days, or even weeks of a legislative session. It was for this reason that provision was made in clause (A) above for apportionments or reapportionments on a basis indicating a necessity for a deficiency or supplemental estimate in cases where new laws resulting in increased costs are enacted "subsequent to the transmission to the Congress of the estimates" for an appropriation, rather than subsequent to the enactment of the appropriation act. This procedure is in line with that now established under section 203 of the Budget and Accounting Act, 1921 as amended by the Budget and Accounting Procedures Act of 1950, which provides that the President may from time to time transmit to Congress proposed supplemental deficiency appropriations as "are necessary on account of laws enacted after the transmission of the Budget"

Familiar examples of laws which necessitate substantial increases in the obligational rate of certain appropriations are those increasing compensation and pension payments to veterans; those making certain additional insurance benefits available to veterans; and those increasing the pay and allowances of military personnel.

Clause (B) above was intended to permit apportionments on a basis indicating a necessity for a deficiency or supplemental estimate when the rate of obligating an appropriation must be increased to provide for emergencies involving the safety of human life, the protection of property, or the immediate welfare of certain classes of individuals. A good example of the last type of appropriations are those for payment of benefits to veterans. It was believed

to be desirable that programs of this type be carried on without delay or curtailment, even in the event changed conditions indicated that appropriations therefor were inadequate. The need for flexibility in the use of these appropriations is recognized in both the Legislative and Executive branches.

Clause (B) above was also intended to improve certain weaknesses in the previous Anti-Deficiency Law. As indicated previously, it was not clear what was meant in that part of the previous Anti-Deficiency Law which authorized waiver or modification of an apportionment "upon the happening of some extraordinary emergency or unusual circumstance which could not be anticipated at the time of making such apportionment."¹ The previous Anti-Deficiency Law was equally vague in excepting from the apportionment system those appropriations made "for objects required or authorized by law without reference to the amounts annually appropriated therefor".²

The provision of paragraph (2), quoted above, for an immediate report to the Congress whenever an appropriation is apportioned or reapportioned on a basis which indicates a necessity for a deficiency or supplemental appropriation gives the Committee on Appropriations an opportunity to question immediately any apportionment or reapportionment which they believe to be not in accord with the will of the Congress.

Section 3679 (f) provides for the exemption from the apportionment system of certain appropriations and funds. These exemptions include trust funds and working funds, expenditures from which have no significant effect on the financial operations of the Government; any appropriation made

¹See supra at p. 8.

²See supra at p. 8.

specifically for payment of claims, judgments, refunds, and draw-backs; interest on, or retirement of, the public debt; also exempted are appropriations to the Senate or House of Representatives or to any Member, committee, office (including the office of the Architect of the Capitol), officer, or employee thereof, and certain other enumerated exemptions.

The need for carrying the apportionments down through the appropriations into allotments and allowances has been discussed in Chapter II of this paper, where the lack of such procedures was considered a major defect in the previous Anti-Deficiency Law.¹ Section 3679 (g) provides for regulations for a system of administrative control "which shall be designed to (A) restrict obligations or expenditures against each appropriation to the amount of apportionments or reapportionments made for each such appropriation, and (B) enable such officer or agency head to fix responsibility for the creation of any obligation or the making of any expenditure in excess of an apportionment or reapportionment." These regulations are subject to the approval of the Director of the Bureau of the Budget in order to insure a certain amount of uniformity therein; however, an effort has been made by the Director of the Bureau of the Budget not to deprive any agency of the opportunity to develop such a system of allotments and allowances as might be required to fit its particular needs.

The regulations referred to above have been issued as Budget-Treasury Regulation No. 1. A detailed discussion of these Regulations is beyond the scope of this paper; however, the first paragraph of the introduction is quoted

¹ See supra at p. 9 & 10.

below, with the observation that all of the statutory references therein have been mentioned, in more or less detail, in preceding portions of this paper:

This Regulation is issued pursuant to section 3679 of the Revised Statutes as amended (31 U. S. C. 665); the Budget and Accounting Act, 1921, as amended (particularly section 213, 31 U. S. C. 21) and the Budget and Accounting Procedures Act of 1950 (particularly section 114, 31 U. S. C. 666 (a)(b)). The Regulation relates to apportionments and reports on the status of appropriations and other authorizations, and is designed to serve the purposes of information and control in the execution of the Government's budgetary and financial programs.¹

Section 3679 (h) prohibits any officer or employee of the United States from authorizing or creating any obligation or from making any expenditure in excess of an apportionment or reapportionment, or "in excess of the amount permitted by regulations prescribed pursuant to sub-section (g) of this section."² This provision was designed to insure that the officers and employees who actually distribute the appropriation into allotments and sub-allotments will be responsible for keeping them within the apportionments, and that the officers and employees who actually create obligations or make expenditures against appropriations will be responsible for observing the allotments and sub-allotments provided.

Section 3679 (i) provides specific penalties for violation of the Act, as well as other procedures which it was believed would have a salutary effect in discouraging the creation of deficiencies or of situations leading to requests for deficiency appropriations. This sub-section is divided into two paragraphs, the first of which provides penalties for any officer or employee of the United

¹ Bureau of the Budget and Treasury Department, Budget-Treasury Regulation No. 1 as revised through September 1953 (Washington: Government Printing Office), sec. 1.

² See supra at p. 28

States who violates subsections (a), (b), or (h) of the Act.¹ Such penalties comprise "appropriate administrative discipline, including when circumstances warrant, suspension from duty without pay or removal from office; and any officer or employee of the United States who shall knowingly and willfully violate subsection (a), (b), or (h) of this section shall, upon conviction, be fined not more than \$5,000 or imprisoned for not more than two years, or both." This paragraph was an attempt to improve upon the previous Anti-Deficiency Law, which in Chapter II of this paper was commented upon to the effect that the penalty provisions, while possibly not severe enough to constitute adequate punishment for serious and willful violations of the law, were entirely too severe when considered in connection with minor or inadvertent violations.² The improvements consisted in specifying the actions which are subject to penalty, and by providing for more practicable penalties, which can be gauged with reference to the seriousness of the offense.

The second paragraph requires an immediate report of all pertinent facts together with a statement of the action taken thereon in each case of a violation of subsection (a), (b), or (h) of this section. These reports are made to the President, through the Director of the Bureau of the Budget, and

¹Briefly, subsections (a), (b), and (h) prohibit the making or authorizing of expenditures and the creating or authorizing of obligations in excess of the amount available in any appropriation; prohibit acceptance of voluntary services or employment of personal services in excess of those authorized by law; prohibit the authorizing or creating of any obligation or the making of any expenditure in excess of an apportionment or reappportionment or in excess of the amount permitted by regulations.

²See supra at p. 9. The penalty provisions of the previous Anti-Deficiency Law provided for punishing violators by summary removal from office, and a fine of not less than \$100 or a jail sentence of not less than one month.

to the Congress. In this connection, detailed information to be reported on violations is prescribed in section 15, Part I of Budget-Treasury Regulation

No. 1.¹

It should be noted that, in addition to the penalty provisions of section 3679 (i), discussed above, the General Accounting Office, under its authority and responsibilities pursuant to the provisions of the Budget and Accounting Act, 1921, as amended, and of the Legislative Reorganization Act of 1946, has access to the original accounting records of the agencies, including allotment and sub-allotment accounts, and it is incumbent upon the General Accounting Office under the latter act to make reports of expenditure analyses to the Committees on Appropriations, the Committees on Expenditures, and the legislative committees of the two Houses of Congress, in order that the Congress may be able to determine whether public funds have been economically and efficiently administered and expended.

¹See supra, p. 29.

in the Department. In this connection, the following is a list of the persons who have been appointed to the various positions in the Department.

The following is a list of the persons who have been appointed to the various positions in the Department:

(1) Assistant Secretary, the General Accounting Office, Mr. J. H. ...

(2) Assistant Secretary, the General Accounting Office, Mr. J. H. ...

(3) Assistant Secretary, the General Accounting Office, Mr. J. H. ...

(4) Assistant Secretary, the General Accounting Office, Mr. J. H. ...

(5) Assistant Secretary, the General Accounting Office, Mr. J. H. ...

(6) Assistant Secretary, the General Accounting Office, Mr. J. H. ...

(7) Assistant Secretary, the General Accounting Office, Mr. J. H. ...

(8) Assistant Secretary, the General Accounting Office, Mr. J. H. ...

(9) Assistant Secretary, the General Accounting Office, Mr. J. H. ...

(10) Assistant Secretary, the General Accounting Office, Mr. J. H. ...

IV CONCLUSIONS

In February, 1949, the Commission on Organization of the Executive Branch of the Government included the following comment, in its report on Budgeting:

Checks and Deficits

The Congress has long been interested in seeing that agencies so spend their appropriations as not to incur deficits. Various actions have been taken both by the Congress and Presidents to achieve this end. These have finally resulted in a system of apportioning appropriations.

This system requires the spending agencies to submit to the Budget Bureau for its approval their requests for quarterly apportionments of their appropriations. Any revisions in the original apportionments require supplementary forms to be submitted to the Bureau for approval. A copy of the apportionments and any revisions goes to the Treasury for its information.

Each month the spending agencies are required to report on the status of their appropriations, including obligations and balances. But these reports on the status of appropriations are often misleading, since the spending agencies may report their obligations as they see fit. Neither the Budget Bureau nor the Treasury seems to have any direct check or control over what these agencies report. Furthermore, the administrative accounts, as prescribed by the Comptroller General, do not provide properly for the keeping of obligations under apportionments. Under these circumstances the authority of the Budget Bureau to approve all apportionments on behalf of the President means very little in actually preventing current deficits.

This is the most glaring weakness of the present system of apportionments.

Much needed control cannot be effectively applied under the system of accounting presently employed by the operating departments and agencies. This is an important reason for our subsequent accounting recommendations.

Reductions in Appropriated Expenditures

Present law and practice are not clear on whether or not the Budget Bureau and the President have the right to reduce

in January, 1971, the Committee on Organization of the House of Representatives was organized, and the following members were appointed:

Members and Staff

The Committee was organized to study and report on the House's organizational needs. It was composed of members of the House and staff members. The Committee's first meeting was held on January 14, 1971, and it has since held several other meetings.

This report contains the Committee's findings and recommendations. It is intended to provide a basis for the House's consideration of the Committee's report. The Committee's report is divided into two parts: the first part contains the Committee's findings, and the second part contains the Committee's recommendations.

The Committee's findings are based on a review of the House's organizational structure and a study of the House's organizational needs. The Committee found that the House's organizational structure is outdated and inefficient. It also found that the House's organizational needs are not being met. The Committee's recommendations are based on its findings. It recommends that the House's organizational structure be reorganized to make it more efficient. It also recommends that the House's organizational needs be met.

This report is the Committee's final report. It is intended to provide a basis for the House's consideration of the Committee's report. The Committee's report is divided into two parts: the first part contains the Committee's findings, and the second part contains the Committee's recommendations.

The Committee's findings are based on a review of the House's organizational structure and a study of the House's organizational needs. The Committee found that the House's organizational structure is outdated and inefficient. It also found that the House's organizational needs are not being met. The Committee's recommendations are based on its findings. It recommends that the House's organizational structure be reorganized to make it more efficient. It also recommends that the House's organizational needs be met.

The Committee's findings are based on a review of the House's organizational structure and a study of the House's organizational needs. The Committee found that the House's organizational structure is outdated and inefficient. It also found that the House's organizational needs are not being met. The Committee's recommendations are based on its findings. It recommends that the House's organizational structure be reorganized to make it more efficient. It also recommends that the House's organizational needs be met.

The Committee's findings are based on a review of the House's organizational structure and a study of the House's organizational needs. The Committee found that the House's organizational structure is outdated and inefficient. It also found that the House's organizational needs are not being met. The Committee's recommendations are based on its findings. It recommends that the House's organizational structure be reorganized to make it more efficient. It also recommends that the House's organizational needs be met.

appropriated amounts during the year for which they were provided.¹

The Commission's recommendation was as follows:

We recommend that it is in the public interest that this question be clarified and, in any event, that the President should have authority to reduce expenditures under appropriations, if the purposes intended by the Congress are still carried out.²

In September, 1953, the Citizens Committee for the Hoover Report stated that, as of 1950, this recommendation had been "mostly" accomplished, but that "a review of the effectiveness of action taken on this recommendation appears warranted."³

As part of the apportionment process, part of any agency's funds are usually impounded by the Bureau of the Budget and held in reserve, the idea being that the agency may be able to carry on its full program without having to use all its funds. In certain instances the Bureau of the Budget has impounded funds, not for the sake of holding a sum in reserve against unforeseen emergencies, but for the purpose of preventing an agency from proceeding with its program to the full extent contemplated by the funds made available by Congress. Agencies, with their funds thus impounded, have been unable to draw funds from the Treasury and have, therefore, questioned the legal authority of the Bureau of the Budget to curtail their programs.

¹Report on Budgeting and Accounting in the Executive Branch. A Report to the Congress prepared by the Commission on Organization of the Executive Branch of the Government. Washington: February, 1949, pp.14-16.

²Ibid., p. 17.

³Status of the Hoover Report 1949-1953, Vol. II. A Report Prepared for reference use by the Members of the Citizens' Committee, the press and students of Government. Washington: Research Department, Citizens' Committee for the Hoover Report, September, 1953, p. 18; 38.

...the

The

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

... ..

The legal basis for the establishment of reserves when the objective is to avoid a deficiency in an appropriation is clearly found in the current Anti-Deficiency Act. The Act also authorizes the establishment of reserves "to provide for contingencies, or to effect savings whenever savings are made possible by or through changes in requirements, greater efficiency of operations, or other developments."¹ Where the reserve is established with the purpose of curtailing a particular program, certain Congressmen and others have labeled such action an illegal transgression on congressional prerogatives. They contend that when the Bureau of the Budget decides on its own motion that appropriations should not be spent for the purposes prescribed by Congress it is in effect usurping the power of Congress to control the purse.

Those who defend the power of the Bureau of the Budget to take such action contend that appropriations must be considered not as mandates to spend, but as outside limits within which the Executive Branch must operate. They note that the courts have repeatedly held that the provision in the Constitution which provides that "no money shall be drawn from the Treasury but in consequence of appropriations made by law"² is a mere limitation on the spending power of the Executive Branch and a simple restriction on those who disburse public funds, and is not a grant of special power to Congress making it mandatory to spend all funds voted by Congress. It is further argued that the President has the constitutional duty imposed upon him to "take care that the laws be

¹See supra at p. 20

²United States Constitution, Article I, Section 9, Clause 7.

faithfully executed'',¹ including appropriation acts among others, and that his determination that times have so changed since the enactment of the appropriation that it is no longer wise to spend the entire amount or to carry out the program then contemplated, cannot be successfully disputed.

The specific legislative authority to establish reserves, contained in the current Anti-Deficiency Act, and discussed heretofore,² provides ample legal basis for the impounding of funds by the Bureau of the Budget where the impounding of such funds in no way curtails the performance of the program approved by Congress as the basis for the grant of funds. Where reserves involve the curtailment of programs specifically considered and approved by Congress, there is scant legal authority for such action by the Bureau of the Budget.

It appears that the recommendation, made by the Commission on Organization of the Executive Branch of the Government, and quoted above,³ that it is in the public interest that the question of the right of the Bureau of the Budget and the President to reduce appropriated amounts during the year for which they were provided, be clarified, has been fully accomplished in so far as such reduction of expenditures does not curtail the purposes intended by the Congress.

The remainder of this paper will be devoted to a brief discussion of some of the difficulties experienced within the Navy in connection with the apportionment

¹United States Constitution, Article II, Section 3.

²See supra at p. 20 & 34

³See supra at p. 33

process, and includes charts and forms, a detailed study of which will serve to indicate how the apportionment process does in fact exercise a complete control of Navy funds.

The chart, page 42, presents the flow of authorizations required to make funds available to the Chiefs of the Bureaus of the Navy Department. The appropriations which the Congress establishes for naval functions are granted to the Director of the Bureau of the Budget in the sense that utilization of such appropriations is limited to the amounts authorized by the Director of the Bureau of the Budget. Usually, the Division Chief of the Bureau of the Budget, under a delegation of authority, determines the amounts of the appropriations which may be utilized for the naval functions.

By directive, the Secretary of Defense has provided that apportionment requests shall be submitted by and approved apportionments be accounted for by the Secretaries of the military departments. The Secretary of Defense retains full control, however, in that apportionment requests are reviewed in great detail by his staff which makes recommendations to the Bureau of the Budget on the amounts to be apportioned.

The Secretary of the Navy has delegated to the Comptroller of the Navy the authority and functions of administration of apportionments. Based on requests, the Comptroller allocates funds under each appropriation account to the Chief of the responsible bureau. Under provisions of the current Anti-Deficiency Act, the Bureau Chief has no authority prior to the receipt of such allocation to authorize or create any obligation against the congressional appropriation for the functions assigned to his Bureau.¹

¹ See supra at p. 29

Thus it can be seen that a delay in apportionments, for any reason, tends to increase the difficulties of achieving effective, economical, and efficient execution of authorized programs and operations.

This difficulty was indicated by the Assistant Comptroller of the Navy, Director of Budget and Reports, in an address on 27 November 1951:

The Department of Defense Appropriation Act was not approved until 18 October 1951, or 3-1/2 months after the start of the fiscal year. The Navy Comptroller's Office submitted its request for apportionment of fiscal year 1952 funds to OSD and the Bureau of the Budget in the first week of November. We are presently obligating funds for the current year on the basis of requested apportionments, which have not yet been approved.

The uncertainty thus engendered raises critical problems for the financing of Navy programs, e. g., in preparing the apportionment request we did not know whether we would have to absorb the civilian pay increases. There were other areas in which funds were scheduled for obligation at an accelerated rate on the assumption that forces would be augmented at a faster rate than that provided for in the fiscal year 1952 budget. The fact that almost half the year has gone by and we still do not have a firm apportionment schedule further complicates Navy programming. If we obligated at too fast a rate in the first half of the year, it will mean that some drastic changes in program plans may be required for the 2nd half of the year.¹

The chart, page 43, presents the flow of authorizations from the bureau management control level to the operating level, or in some cases to the management control level of other organizational units for subsequent authorization to the operating level. On the chart, delegations of authority and sub-

¹ Clepton, E. W., Rear Admiral, U. S. Navy. "Comptrollers in the Navy." Address delivered before the Shipyard Commanders Conference, Bureau of Ships, Navy Department, Washington, D. C., 27 November 1951

allocations are distinguished from the authorizations shown in the lower portion of the chart in that they normally relate to entire accounts or groups of accounts.

The apportionment system is policed by the Bureau of the Budget through a system of monthly financial reports. One of the principal reports is Standard Form 133-Rev., page 47, Report on Status of Appropriation Accounts. This report is prepared from records maintained in the bureaus and offices under the Bureau Allotment Accounting System and reflects data for the appropriation as a whole. In addition to this report, DD form 690N, page 48, Analysis of Appropriation Status by Activity and/or Project includes data on obligations incurred by budget activities or major divisions first below the appropriation level. These two reports are among the means of exercising broad fiscal control throughout the Navy. Other important reports include Standard Form 131-Rev., page 45, Apportionment Schedule (by time periods), and Standard Form 132-Rev., page 49, Reapportionment Schedule (by time periods).

At the present time, at the Navy bureau level, there is some concern with the complicated process of obtaining apportionments of appropriated funds. The frequently long delay between requests for apportionments and their final approval by the Bureau of the Budget and subsequent receipt by the bureau creates difficulties.¹ In addition to such procedural difficulties, considerable

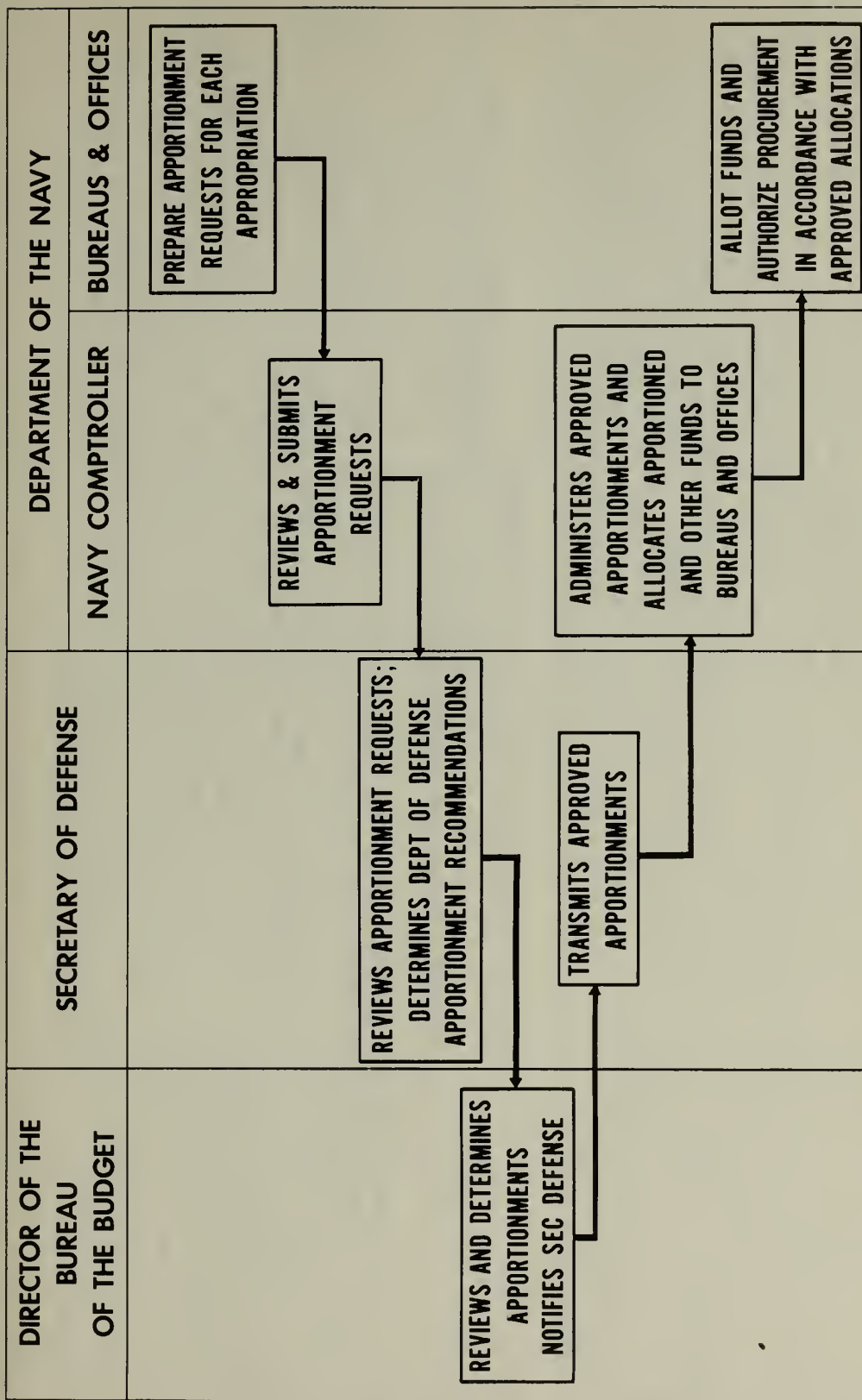
¹See supra at p. 37

concern has been expressed over the trend, in the recent past, toward more and more detailed reviews of apportionment requests by comparatively low level officials in the higher echelons of the Department of Defense and the Bureau of the Budget. Apportionment requests are approaching, in effect, a resubmission and rehearing of the budget estimates, but without an opportunity for top level Bureau and Navy officials to attend such hearings to assist in defending the Bureau's financial plans.

Bureaus' requests for apportionment must be supported by voluminous details. This involves countless hours of preparation, and interferes with other essential work.

Navy bureau personnel anticipate more strenuous efforts by higher authority to effect savings by establishing reserves for "savings and contingencies". In other words, they are greatly concerned that the provisions of the current Anti-Deficiency Act may be used for the purposes of "item veto". The implications of this are readily apparent.

CONTROL OF NAVY FUNDS THE APPORTIONMENT AND ALLOCATION SYSTEM



NAVCOMPT - AUGUST 1953

The three charts attached are designed to highlight three important requirements of the Anti-Deficiency Act, as amended, and the Department of Defense Regulation issued pursuant thereto. These requirements are (a) unbroken chain of authorizations from the Director of the Bureau of the Budget to the individual immediately responsible for the creation of obligations, (b) the personal responsibility of officials receiving authorizations, (c) documentation of authorizations.

Chart A presents the flow of authorizations required to make funds available to the Chiefs of the Bureaus of the Navy Department. The appropriations which the Congress establishes for naval functions are granted to the Director of the Bureau of the Budget in the sense that utilization of such appropriations is limited to the amounts authorized by the Director. As a matter of practice, however, a Division Chief of the Bureau of the Budget, under a delegation of authority, determines the extent to which appropriations for the Navy may be used by the Navy. Whereas the Secretary of Defense, by directive, has provided that approved apportionments shall be accounted for by the Secretaries of the military departments, such delegation of authority is merely the technical link in the "unbroken chain of authorizations." The Secretary of Defense retains full control, however, since apportionment requests of the Navy are modified by his staff and the request forwarded to the Bureau of the Budget representing the determination of his staff. Within the Department of the Navy, the Secretary has delegated the administration of apportionments to the Comptroller. Based on Bureau requests, the Comptroller allocates funds under each appropriation to the Chief of the responsible bureau. Under provisions of the Anti-Deficiency Act, the Bureau Chief has no authority prior to receipt of such allocation to authorize or create any obligation against the Congressional appropriation for the functions assigned to his bureau.

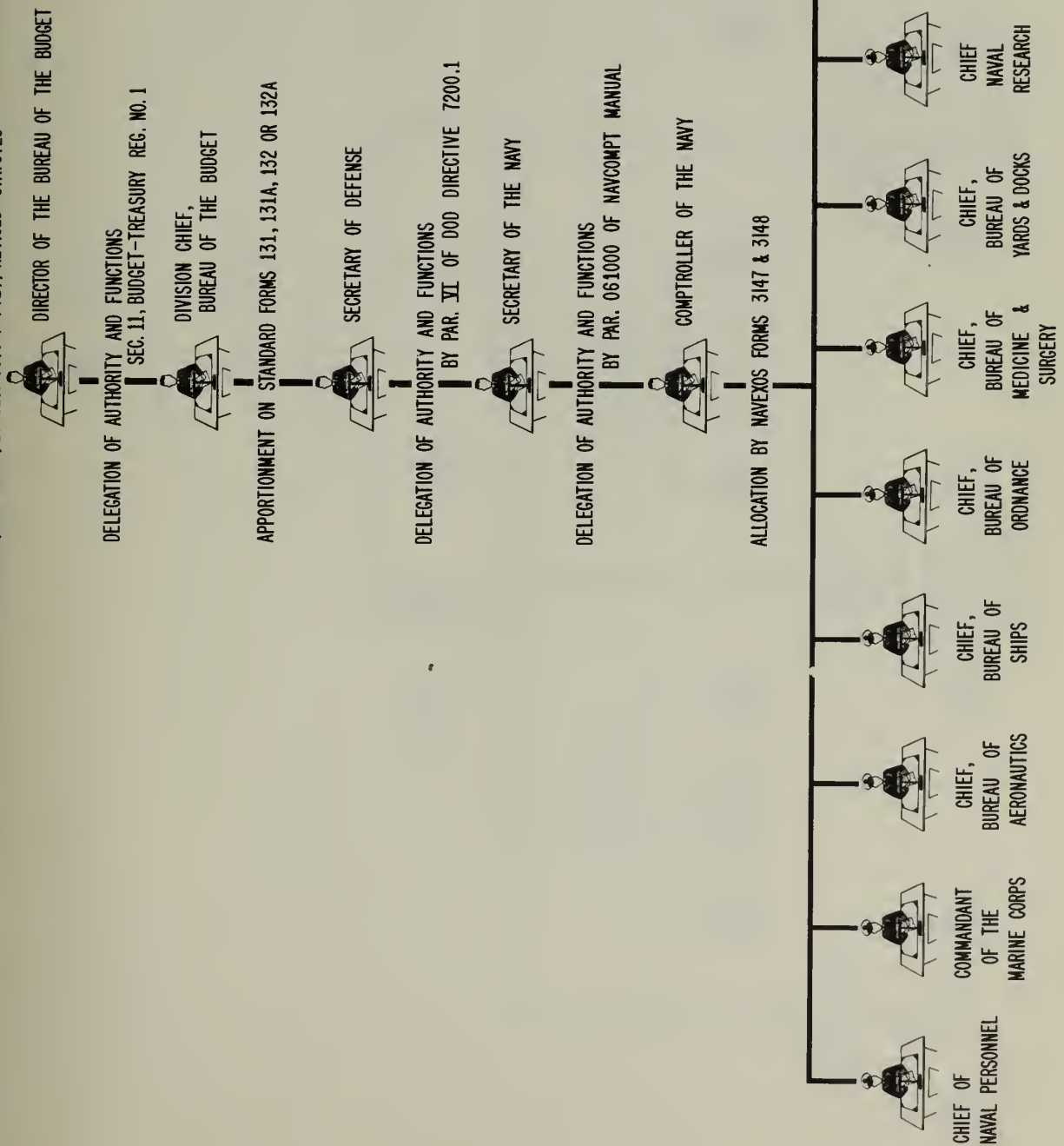
Chart B presents the flow of authorizations from the bureau management control level to the operating level or, in some cases, to the management control level of other organizational units for subsequent authorization to the operating level. In general, allotments, project orders and procurement requests comprise the authorizations issued from the management control level to the operating level where work will be performed.

Chart C presents the flow of authorizations made under allotments and project orders. Most of the field operation is performed directly under the allotment or project order by personnel within the immediate jurisdiction of the official holding the allotment or project order. In some cases, however, work is also performed under sub-authorizations shown on Chart C. On the Chart, NavCompt and S&A paragraph numbers refer to those paragraphs in the Navy Comptroller Manual or BuSanda Manual, in effect as of 1 February 1955, which either specify or imply that the documents are limitation documents within the meaning of the Anti-Deficiency Act. The extreme stringency of the regulation issued by the Office of the Secretary of Defense pursuant to Section (g) of the Anti-Deficiency Act creates an operating dilemma in the field. In an individual case, the establishment of a limitation may cause undue delay in the receipt of material or services, even to the extent of disrupting ship movements. On the other hand, the failure to establish a limitation may subject the allottee to penalties of the Anti-Deficiency Act for a violation resulting from acts of persons not within his jurisdiction. In view of this dilemma, there is currently under consideration a proposal whereunder no document issued within an allotment or project order would be a limitation within the meaning of the Anti-Deficiency Act unless so specified in writing by the allottee. The individual allottee under this situation would have to weigh his command responsibility for fulfilling his naval mission against his personal responsibility under the Anti-Deficiency Act.

APPORTIONMENT & ALLOCATION OF NAVY APPROPRIATIONS

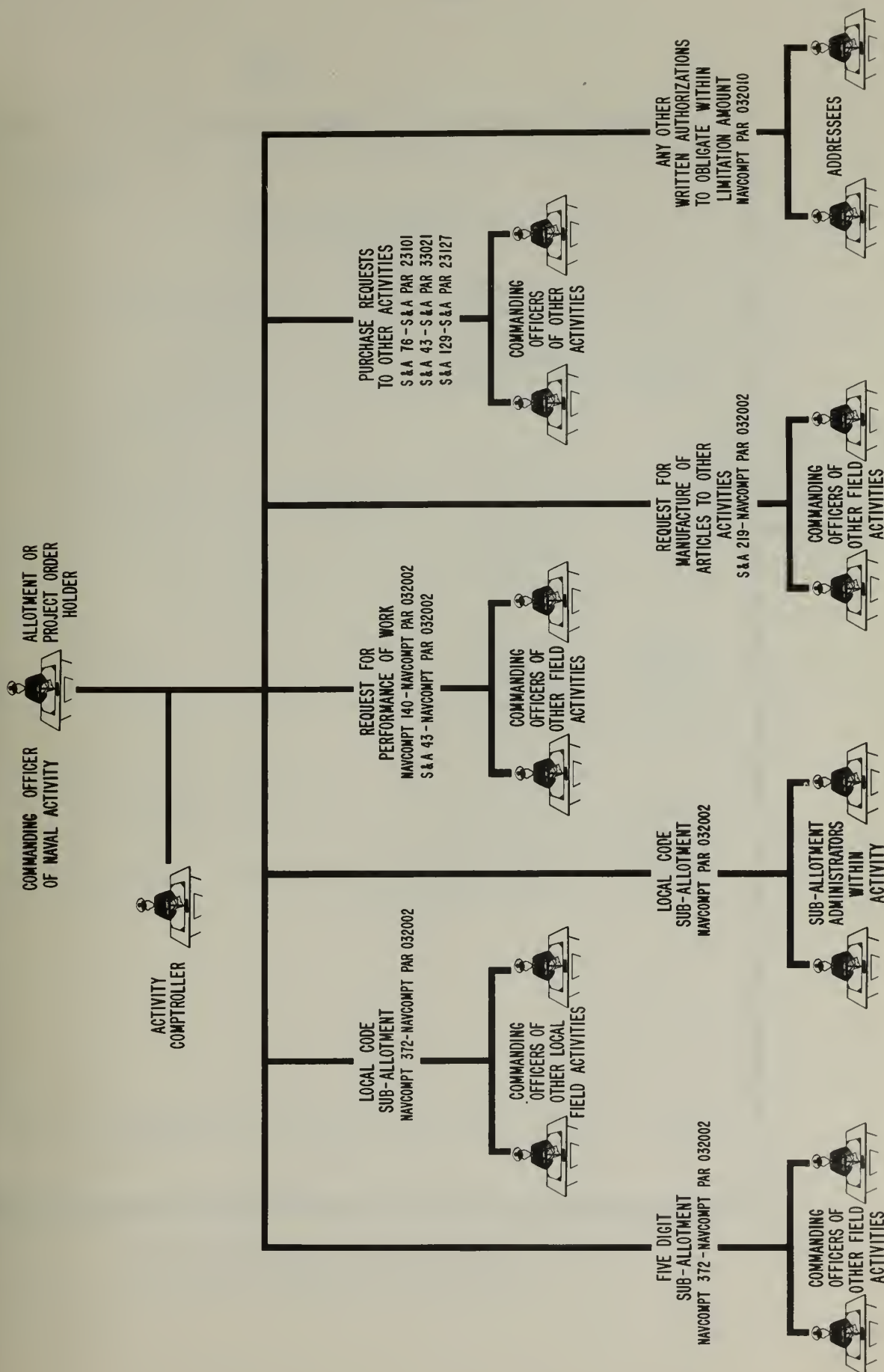
CONGRESS ESTABLISHED APPORTIONMENT AUTHORITY OF
DIRECTOR, BUDGET, BY SEC. 3679 (d)(2), REVISED STATUTES

(42)



A





6



PREPARATION OF STANDARD FORM 131 (BY TIME PERIODS)

STANDARD FORM 131-Rev.
Prescribed by
Budget-Treasury Regulation 1
June 1952

APPORTIONMENT SCHEDULE
(BY TIME PERIODS)

Sheet ____ of ____ Sheets

For Fiscal Year 1955.

AGENCY Department of the Navy	APPROPRIATION TITLE AND SYMBOL Ships and Facilities, Navy, 1955 1751601	
BUREAU		
DESCRIPTION	INFORMATION SUBMITTED BY AGENCY	ACTION BY BUREAU OF THE BUDGET
Amounts Available for Apportionment		
1. Unobligated balances brought forward July 1.....	-	<div style="border: 1px solid black; padding: 5px; width: fit-content;"> The Bureau of the Budget will use lines 1 - 6 only when changes are made in figures submitted by the agency. </div>
2. Appropriations:		
A. Realized.....	\$ 950,000,000	
B. Anticipated (indefinite).....	-	
C. Appropriations to liquidate contract authorizations (-).....	-	
3. Other new authorizations.....	-	
4. Anticipated appropriation reimbursements.....	^a 50,000,000	
5. Anticipated net transfers to (+) and from (-) this account.....	^b -25,000,000	
6. TOTAL AMOUNT AVAILABLE FOR APPORTIONMENT.....	975,000,000	
Apportionments and Reserves		
7. Apportionments:		
A. First quarter.....	325,000,000	300,000,000
B. Second quarter.....	225,000,000	200,000,000
C. Third quarter.....	200,000,000	200,000,000
D. Fourth quarter.....	200,000,000	175,000,000
8. Total Apportionments.....	950,000,000	875,000,000
9. Reserves:		
A. For savings.....	-	-
B. For obligations to be incurred in subsequent years.....	-	-
C. For other contingencies.....	25,000,000	100,000,000
10. Total Reserves.....	25,000,000	100,000,000
11. TOTAL APPORTIONMENTS AND RESERVES.....	975,000,000	975,000,000

AGENCY COMMENTS:

BUREAU OF THE BUDGET COMMENTS:

SUBMITTED Richard Black 10 Jun 54 APPOINTED Harry Gray 25 Jun 54
(Authorized officer) (Date) (Date)
RICHARD BLACK HARRY GRAY

U. S. GOVERNMENT PRINTING OFFICE 16-60948-1

Footnotes to be shown on reverse side of form:

- a/ Sources of reimbursements (see subpar. 065101-8)
b/ Listing of transfers (see subpar. 065101-9)

PREPARATION OF BUDGET ACTIVITY ALLOCATIONS

DEPARTMENT OF THE NAVY
BUDGET ACTIVITY ALLOCATIONS
(One-Year Accounts)

NAVEXOS-3147 (9-53)

SUBMITTING BUREAU OF OFFICE

Bureau of Ships

APPROPRIATION FISCAL YEAR

Ships and Facilities, Navy, 1955

APPROPRIATION SYMBOL

1751601

SERIAL NUMBER

1

SUG- HEAD	BUDGET ACTIVITY TITLE (2)	APPROPRIATED FUNDS					ANTICIPATED NET TRANSFERS (7)	ANTICIPATED REIMBURSE- MENTS (8)	UNAPPORTIONED RESERVES (DEDUCT) (9)	BUDGET ACTIVITY ALLOCATIONS (6+7+8-9) (10)
		AS PROVIDED BY THE CONGRESS (3)	CHANGES PREVIOUSLY APPROVED (4)	CHANGES PROPOSED (5)	ADJUSTED DISTRIBUTION (3+4+5) (6)					
.09	Replacement MDAP (Unreleased) Available to Navy for Obligation Allocated to Other Budget Activities (Deduct)	-	-	-	-	-	-	-	-	(\$10,000,000)
.10	Research and Development	\$ 70,000,000	-	-	\$ 68,000,000	-	-\$10,000,000	-	-\$13,000,000	55,000,000
.11	Fleet Support Facilities	150,000,000	-	-	150,000,000	-	1,000,000	-	22,000,000	119,000,000
.12	M & O of Naval Reserve Vessels	7,000,000	-	-	7,000,000	-	-	-	-	7,000,000
.13	Industrial Mobilization	4,000,000	-	-	4,000,000	-	+\$2,000,000	-	-	6,000,000
.15	Departmental Administration	14,000,000	-	-	14,000,000	-	-	-	-	14,000,000
.28	M & O of Active Fleet	500,000,000	-	-	500,000,000	-	-14,000,000	24,000,000	20,000,000	490,000,000
.29	M & O of Reserve Fleet	45,000,000	-	-	45,000,000	-	-	-	5,000,000	40,000,000
.33	Electronics	60,000,000	-	-	60,000,000	-	-3,000,000	20,000,000	40,000,000	37,000,000
.34	Fuel for Ships	100,000,000	-	+\$2,000,000	102,000,000	-	-	1,000,000	-	103,000,000
.95	Assistance to Allied Forces (Except MDAP)	-	-	-	-	-	-	4,000,000	-	4,000,000
	Total	950,000,000	-	-	950,000,000	-	-\$25,000,000	50,000,000	100,000,000	875,000,000

WHEN NUMEROUS CHANGES RESULTING FROM BUREAU OF THE BUDGET ACTION ARE REQUIRED, THE FORM WILL BE RE-TYPED WITHIN NAVCOMPT REFERENCING ORIGINAL BUREAU SUBMISSION

LINE 2A + 2B
S.F. 131 OR
S.F. 132

LINE 5 OF S.F. 131
OR LINES 5A + 5B OF
S.F. 132

LINE 4 OF S.F. 131
OR LINES 4A + 4B +
4C OF S.F. 132

LINE 9A + 9B
+ 9C OF S.F.
131 OR S.F. 132

LINE 8 OF S.F.
131 OR S.F.
132

APPROVED (Signature of the Head)	DATE SUBMITTED	DATE APPROVED	EFFECTIVE DATE OF APPROVAL
<i>Richard Black</i>	-	28 Jun 1954	1 Jul 1954

Based on BuShips submission of 10 Jun 1954

WHEN NUMEROUS CHANGES RESULTING
FROM BUREAU OF THE BUDGET ACTION
ARE REQUIRED, THE FORM WILL BE RE-
TYPED WITHIN NAVCOMPT REFERENCE
ORIGINAL BUREAU SUBMISSION

LINES 2A + 2B
S.F. 131 OR
S.F. 132

LINE 5 OF S.F. 131
OR LINES 5A + 5B OF
S.F. 132

LINE 4 OF S.F. 131
OR LINES 4A + 4B +
4C OF S.F. 132

LINES 9A + 9B
+ 9C OF S.F.
131 OR S.F. 132

LINE 8 OF S.F.
131 OR S.F. 132

SUBMITTED (Chief of Bureau Officer)

Based on BuShips submission of 10 Jun 1954

DATE SUBMITTED

-

APPROVED (Controller of the Navy)

Richard Black

DATE APPROVED

28 Jun 1954

EFFECTIVE DATE OF APPROVAL

1 Jul 1954

RICHARD BLACK

PREPARATION OF STANDARD FORM 133 AS RELATED TO STANDARD FORM 132 AND NAVEXOS FORM 3451.

STANDARD FORM 133-Rev.
Prescribed by
Budget-Treasury Regulation 1
June 1962

REPORT ON STATUS OF APPROPRIATION ACCOUNTS

TO BE INSERTED
BY NAVCOMPT

Sheet..... of Sheets

For the Period Ended 31 October 1954.

AGENCY Department of the Navy		APPROPRIATION TITLE Ships and Facilities, Navy		
BUREAU Bureau of Ships		LINES 10A + 10C + 11 OF S.F. 133 FOR 30 JUNE OF PRIOR YEAR		
DESCRIPTION	1751601	1741601	1731601	
COL. 4, NAVEXOS FORM 3451 (Reimbursements receivable, 1 July) Amounts Available	(-)	(19,026,131.12)	(870,320.68)	
1. Unobligated balances brought forward July 1.....	-	\$ 74,636,110.13	\$ 9,266,304.81	
2. Appropriations:				
A. Realized.....	950,000,000.00	-	-	
B. Anticipated for rest of year.....	-	-	-	
C. Appropriations to liquidate contract authorizations (-).....	-	-	-	
3. Other new authorizations.....	-	-	-	
4. Appropriation reimbursements:				
A. Collected.....	15,131,437.07	11,019,567.04	68,111.17	
B. Increase (+) or decrease (-) since July 1 in reimbursements receivable.....	6,212,037.53	-11,019,567.04	-412,717.43	
C. Anticipated for rest of year.....	33,656,525.40	-	-	
5. Net transfers to (+) or from (-) this account:				
A. Actual.....	-27,000,000.00	-	-	
B. Anticipated for rest of year.....	+2,000,000.00	-	-	
6. TOTAL AMOUNT AVAILABLE.....	980,000,000.00	74,636,110.13	8,921,698.55	
(Reimbursements receivable, end of period) Status of Amount Available	(6,212,037.53)	(8,006,564.08)	(457,603.25)	
7. Accrued expenditures.....	-	-	-	
8. Undelivered orders outstanding:				
A. At end of period (+).....	-	-	-	
B. Undelivered orders transferred (+ or -).....	-	-	-	
C. As of July 1 (-).....	-	-	-	
9. Obligations incurred.....	310,541,121.16	-985,397.83	+35,144.08	
10. Unobligated balances of apportionments and reserves:				
A. Balance of apportionments to end of quarter.....	189,458,878.84	-	-	
B. Apportionments for subsequent quarters.....	375,000,000.00	-	-	
C. Reserves.....	100,000,000.00	-	-	
11. Other unobligated balances.....	5,000,000.00	75,621,507.96	8,886,554.47	
12. TOTAL AMOUNT AVAILABLE.....	980,000,000.00	74,636,110.13	8,921,698.55	
(Outstanding commitments in 10A entry)	(119,317,408.86)	-	-	
Relationship of Obligations to Payments				
18. Unpaid obligations:				
A. As of July 1.....	-	388,409,827.06	69,555,454.08	
B. Obligations transferred to (+) or from (-) this account.....	-	-	-	
C. At end of period.....	171,701,471.02	250,089,213.05	39,611,375.79	
14. Payments (lines 9+13A+13B-13C).....	138,839,650.14	137,335,216.18	29,979,222.37	

DASH ENTRIES
FOR EXPIRED
ACCOUNTS

DASH ENTRIES FOR EXPIRED ACCOUNTS

LINE 13C OF S.F. 133 FOR
30 JUNE OF PRIOR YEAR

Richard Black
RICHARD BLACK

27 Nov 1954
(Date)

(Authorized officer)

Footnotes to be shown on reverse side of form:

- Schedule of actual transfers (subpar. 065203 - 12)
- Schedule of anticipated transfers (subpar. 065203 - 13)
- Advances to allocated working funds (subpar. 065203 - 18)
- Significant obligation adjustments (subpar. 065203 - 18)

PREPARATION OF DD 690N AS RELATED TO S.F.s 132, 133 AND NAVEXOS FORM 3147.

ANALYSIS OF APPROPRIATION STATUS BY ACTIVITY AND/OR PROJECT

DEPARTMENT OF THE Navy	FISCAL YEAR- 1955 PERIOD COVERED (from-to) 1 July to 31 Oct 1954	APPROPRIATION TITLE AND SYMBOL		Ships and Facilities, Navy, 1955 - 1751601				SF 133 REFERENCE		REPORT CONTROL SYMBOL	
		ANNUAL PROGRAM AND/OR UNOBLIGATED BALANCES (12)	FUNDS APPORTIONED AND AVAILABLE FOR OBLIGATION TO END OF CURRENT QUARTER (13)	OBLIGATIONS INCURRED IN CURRENT FISCAL YEAR (14)	UNPAID OBLIGATIONS AS OF 1 JULY (15)	PAYMENTS IN CURRENT FISCAL YEAR (16)	UNPAID OBLIGATIONS END OF PERIOD (COL. 4+5-6) (17)	UNOBLIGATED BALANCE OF APPORTIONMENT/ ALLOCATION (18)	PAGE NO. 12	COLUMN 1	DO-OC(M)79
.10 Research and Development		\$ 68,000,000	\$ 30,900,000	\$ 17,482,573	-	\$ 3,118,328	\$ 14,364,245	\$ 13,417,427			
.11 Fleet Support Facilities		141,000,000	70,929,000	32,982,854	-	20,451,104	12,531,750	37,946,146			
.12 Maintenance and Operation of Naval Reserve Vessels		7,000,000	3,248,000	872,272	-	406,656	465,616	2,375,728			
.13 Industrial Mobilization		6,000,000	2,763,000	1,044,762	-	365,123	679,639	1,718,238			
.15 Departmental Administration		14,000,000	6,692,000	3,578,029	-	3,226,593	351,436	3,113,971			
.28 Maintenance and Operation of Active Fleet		510,000,000	269,639,000	189,987,026	-	85,855,859	104,131,167	79,651,974			
.29 Maintenance and Preservation of Reserve Fleet		45,000,000	26,389,000	13,528,025	-	4,702,395	8,825,630	12,860,975			
.33 Electronics		77,000,000	32,784,000	20,017,882	-	907,800	19,110,082	12,766,118			
.34 Fuel for Ships		103,000,000	55,827,000	30,827,000	-	19,756,771	11,070,229	25,000,000			
.95 Assistance to Allied Forces Except MDAP		4,000,000	829,000	220,698	-	49,021	171,677	608,302			
Other Unallocated Amounts		5,000,000	-	-	-	-	-	-			
TOTAL		980,000,000	500,000,000	310,541,121	-	138,839,650	171,701,471	189,458,879			

LINE 6,
S.F. 133

LINE 7A + 7B + 7C
+ 7D AS APPLICABLE
OF S.F. 131 OR 132;
LINE 8 OF S.F. 131A
OR 132A

LINE 9,
S.F. 133

LINE 10A,
S.F. 133

LINE 13C,
S.F. 133

LINE 14,
S.F. 133

LINE 9A + 9B OF S.F. 131, 131A,
132, OR 132A, PLUS LINE 11 OF
S.F. 133.

LINES 9A + 9B OF S.F. 131, 131A,
132, OR 132A, PLUS LINE 11 OF
S.F. 133.

LINE 6,
S.F. 133

LINE 7A + 7B + 7C
+ 7D AS APPLICABLE
OF S.F. 131 OR 132;
LINE 8 OF S.F. 131A
OR 132A

LINE 9,
S.F. 133

LINE 14,
S.F. 133

LINE 13C,
S.F. 133

LINE 10A,
S.F. 133

DD FORM 1 JAN. '53
690N

PREPARATION OF STANDARD FORM 132 (BY TIME PERIODS) AS RELATED TO STANDARD FORMS 131 AND 133.

Entries in this column will be copied from most recently submitted SF 131 or SF 132, using Bureau of the Budget approved data when such SF 131 or SF 132 has already been approved, or using data submitted by Navy when such SF 131 or SF 132 has not yet been approved.

STANDARD FORM 132-Rev.
Prescribed by
Budget-Treasury Regulation 1
June 1952

Appropriation Serial No. 1

REALLOCATION SCHEDULE (BY TIME PERIODS,

for Fiscal Year 1954.

Agency No.

AGENCY Department of the Navy	APPROPRIATION TITLE AND SYMBOL Ships and Facilities, Navy, 1955 1751601
BUREAU	

DESCRIPTION	AMOUNT ON S. F. 131 OR LATEST S. F. 132	REVISED INFORMATION SUBMITTED BY AGENCY	ACTION BY BUREAU OF THE BUDGET
Amounts Available for Apportionment			
1. Unobligated balances brought forward July 1.....	-	-	
2. Appropriations:			
Entries on lines 4A and 4B will be identical with entries on lines 4A and 4B of most recent S.F. 133. Entry on line 4C will be identical with entry on line 4C of most recent S.F. 133 or footnote explaining difference will be shown.		\$950,000,000	
3. Anticipated for rest of year.....		-	
4. Apportionments:			
A. Collected.....	-	^a 15,131,437	
B. Increase (+) or decrease (-) since July 1 in reimbursements receivable.....	-	6,212,038	
C. Anticipated for rest of year.....	50,000,000	33,656,525	
5. Net transfers to (+) or from (-) this account:			
A. Actual.....	-	^a 27,000,000	
B. Anticipated for rest of year.....	-25,000,000	72,000,000	
6. TOTAL AMOUNT AVAILABLE FOR APPORTIONMENT.....	975,000,000	980,000,000	
Apportionments and Reserves			
Memorandum: Obligations incurred			
7. Apportionments:			
A. First quarter..... 212,023,917	300,000,000	300,000,000	300,000,000
B. Second quarter..... ^a 98,517,204	200,000,000	235,000,000	200,000,000
C. Third quarter.....	200,000,000	220,000,000	205,000,000
D. Fourth quarter.....	175,000,000	175,000,000	175,000,000
8. Total Apportionments.....	875,000,000	930,000,000	880,000,000
9. Reserves:			
A. For savings.....	-	25,000,000	25,000,000
B. For obligations to be incurred in subsequent years..	-	-	-
C. For other contingencies.....	100,000,000	25,000,000	75,000,000
10. Total Reserves.....	100,000,000	50,000,000	100,000,000
11. TOTAL APPORTIONMENTS AND RESERVES.....	975,000,000	980,000,000	980,000,000

The Bureau of the Budget will use these lines only when changes are made in figures submitted by the agency.

Entry on line 5A will be identical with entry on line 5A of most recent S.F. 133. Entry on line 5B will be identical with entry on line 5B of most recent S.F. 133 or footnote explaining difference will be shown.

SUBMITTED Richard Black 28 Nov 1954 APPOINTED Harry Gray 10 Dec 1954
(Authorized officer) (Date) (Date)
RICHARD BLACK HARRY GRAY
Assistant Comptroller of the Navy U. S. GOVERNMENT PRINTING OFFICE 16-60944-1

Footnotes to be shown on reverse side of form:

^a/ Period covered by data (see subpar. 065103-4j)

PREPARATION OF STATEMENT OF REIMBURSEMENTS BY BUDGET ACTIVITY.

DEPARTMENT OF THE NAVY STATEMENT OF REIMBURSEMENTS BY BUDGET ACTIVITY

NAVEXOS-3451 (8-52)
APPROPRIATION TITLE AND YEAR

Ships and Facilities, Navy, 1955		1751601		AS OF		31 Oct 1954	
REIMBURSEMENTS COLLECTED		REIMBURSEMENTS RECEIVABLE		ANTICIPATED FOR REST OF YEAR (17)		ALLOCATION LESS CURRENT ESTIMATE (COL. 9-2-3-5-7) (8)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(9)
.10	-	\$ 500	-	-	-	\$ -500	-
.11	-	190,123	-	\$ 60,454	\$ +60,454	\$ 2,249,423	\$ 1,000,000
.13	-	2,000	-	-	-	-2,000	-
.15	-	-	-	-	-	-	-
.28	-	7,403,560	-	2,919,369	+2,919,369	-2,497,500	24,000,000
Direct	-	6,291,254	-	2,919,369	+2,919,369	-2,497,500	17,000,000
From 09	-	1,112,306	-	-	-	5,887,694	7,000,000
.33	-	7,254,616	-	3,178,005	+3,178,005	-2,000,000	20,000,000
Direct	-	5,252,684	-	3,142,137	+3,142,137	-500,000	17,000,000
From 09	-	2,001,932	-	35,868	+35,868	-1,500,000	3,000,000
.34	-	280,638	-	54,210	+54,210	-500,000	1,000,000
.95	-	-	-	-	-	+1,500,000	4,000,000
Total	-	15,131,437	-	6,212,038	+6,212,038	-5,000,000	50,000,000

Column 8
NAVEXOS Form 3147

8-5218

BIBLIOGRAPHY

Books

Smith, Harold D. The Management of Your Government.
New York: McGraw-Hill Book Co., Inc., 1945.

Mosher, Frederick C. Program Budgeting: Theory and Practice.
New York: American Book-Stratford Press, Inc., 1954.

Huzar, Elias. The Purse and the Sword. Ithaca: Cornell University Press, 1950.

Seckler-Hudson, Catheryn (ed.). Budgeting: An Instrument of Planning and Management; Unit Six, Execution of the Federal Budget and Fiscal Accountability. Washington: The American University, 1944.

Public Documents

Bureau of the Budget and Treasury Department. Budget-Treasury Regulation No. 1, as revised through September 1953.
Washington: Government Printing Office, 1953.

U. S. Congress, Senate. Hearings before the Subcommittee of the Committee on Appropriations on H. R. 3245 (Second Deficiency Appropriation Bill for 1947). 80th Cong., 1st Sess.
Washington: Government Printing Office, 1947.

Budget and Accounting Procedures Act of 1950, approved September 12, 1950 (Public Law 784 - 81st Cong.).

General Appropriation Act, 1951, approved September 6, 1950 (Public Law 759 - 81st Cong.).

Office of the Comptroller of the Navy. The Navy Budget in Brief for Fiscal year 1955. Washington: 30 June 1954.

Reports

Report on Budgeting and Accounting in the Executive Branch.

A Report to the Congress prepared by the Commission on Organization of the Executive Branch of the Government. Washington: February, 1949.

Status of the Hoover Report 1949-1953. Vol. II. A Report prepared for reference use by the Members of the Citizens' Committee, the Press and students of Government. Washington: Research Department, Citizens Committee for the Hoover Report, September, 1953.

GENERAL INFORMATION

NAME

John, David L. (born 1945) is the son of John and Mary L. (born 1945) and is the son of John and Mary L. (born 1945).

John, David L. (born 1945) is the son of John and Mary L. (born 1945) and is the son of John and Mary L. (born 1945).

John, David L. (born 1945) is the son of John and Mary L. (born 1945) and is the son of John and Mary L. (born 1945).

John, David L. (born 1945) is the son of John and Mary L. (born 1945) and is the son of John and Mary L. (born 1945).

EDUCATION

John, David L. (born 1945) is the son of John and Mary L. (born 1945) and is the son of John and Mary L. (born 1945).

John, David L. (born 1945) is the son of John and Mary L. (born 1945) and is the son of John and Mary L. (born 1945).

John, David L. (born 1945) is the son of John and Mary L. (born 1945) and is the son of John and Mary L. (born 1945).

John, David L. (born 1945) is the son of John and Mary L. (born 1945) and is the son of John and Mary L. (born 1945).

John, David L. (born 1945) is the son of John and Mary L. (born 1945) and is the son of John and Mary L. (born 1945).

EMPLOYMENT

John, David L. (born 1945) is the son of John and Mary L. (born 1945) and is the son of John and Mary L. (born 1945).

John, David L. (born 1945) is the son of John and Mary L. (born 1945) and is the son of John and Mary L. (born 1945).

Articles

Wilkie, Horace W. "Legal Basis for Increased Activities of the Federal Budget Bureau", The George Washington Law Review, Vol. 11, Number 3 (April, 1943), pp. 265-301.

Fox, James Harold. "How to Prepare a Research Paper", U. S. Naval War College Information Service for Officers, December, 1950, pp. 1-12.

The Washington Post. March 7, 1955. Article, "The Item Veto Again."

Unpublished Material

Lawton, F. J., Acting Director of the Bureau of the Budget and Yates, Frank L., Acting Comptroller General of the United States, joint letter to Hon. Styles Bridges, Chairman, Committee on Appropriations, U. S. Senate, June 5, 1947.

Clextion, E. W., Rear Admiral, U. S. Navy. "Comptrollers in the Navy." Address delivered before the Shipyard Commanders' Conference, Bureau of Ships, Navy Department, Washington, D.C., 27 November 1951.

Hopwood, H. G., Rear Admiral, U. S. Navy. "Navy Budget Formulation and Program Management." Address delivered at the Navy War College, Newport, Rhode Island, 16 March 1951.

